



2014 - 2018 Strategic Plan

December 2013

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Executive Summary

NeighborWorks Capital (“NC”) is a national Community Development Financial Institution (CDFI) serving the affiliates of NeighborWorks America, a national community development intermediary. In 2008, NC – the result of a merger of two NeighborWorks sponsored CDFIs – launched with \$16 million in capital and \$9.3 million in loans outstanding. NC has operated with the benefit of detailed business plans detailing clear goals, and an MOU with NeighborWorks America specifying performance benchmarks to receive NeighborWorks funding. In almost six years of operations, NeighborWorks Capital increased its capital base to \$51 million (218%) and its loans outstanding to \$45 million. Through aggressive marketing, new and revised products, and ongoing relationship cultivation, NC was able to expand the number of customers served from 44 to 82 (86%) as of September 2013. Since the merger, NC has substantially grown cumulative loan originations to \$120 million (405%) and impact to more than 11,000 units of affordable rental and for-sale homes and 500,000 square feet of commercial space.

Now firmly grounded in its market, at full operational capacity and financial strength, NeighborWorks Capital elected to engage in a strategic planning process to provide Board and staff the opportunity to learn and incorporate knowledge from the CDFI industry, NeighborWorks America, trends in affordable housing development and finance, community development, and from borrower and internal experiences.

NeighborWorks Capital retained Consulting for Change to facilitate the strategic planning process which began by interviewing senior management, board members, and other inner circle partners to assess the organization and their goals for the planning process. This was followed by a research phase, consisting of a scan of various opportunities and trends in the CDFI industry. The research phase gained a deeper understanding of loan demand within the NeighborWorks network for real estate project capital, trends at similar CDFIs, capital sources, the role of technical assistance, and potential for further partnerships with CDFIs.

The methodology to answer these questions included interviewing a cross section of customers and stakeholders, and learning about the plans of both the NeighborWorks network and the CDFI Industry. A working group of Board and staff drafted revised mission and vision statements.

The results are bold, dynamic Goals and Strategies for the 2014 through 2018 period. These build on NeighborWorks Capital’s strengths and are both transparent and impactful:

-  ***Triple NeighborWorks Capital’s cumulative lending volume to \$350 million while maintaining strong loan quality***
-  ***Double NeighborWorks Capital’s on-balance sheet capital to \$100 million through leverage and diversification of capital sources, and leverage an additional \$30 million in off-balance sheet capital***
-  ***Increase NeighborWorks Capital’s impact on the communities served by NeighborWorks organizations***
-  ***Advocate on behalf of CDFIs and the communities we serve***
-  ***Grow and strengthen the organization to implement this plan***

These five goals and their underlying strategies will direct and inform the board and staff to achieve its mission over the next five years.

I. Brief Organizational History

NeighborWorks Capital (NC) is a national non-profit community development loan fund based in Silver Spring, Maryland serving NeighborWorks America member organizations (NWOs) in all 50 states and the District of Columbia. NC is certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI) and is governed by a nine-member Board of Directors, a majority of whom are Executive Directors of NWOs alongside industry leaders with expertise in community development, lending and non-profit operations.

Almost 20 years ago NeighborWorks America (NW), responding to the advocacy of the NWOs, shared a vision to sponsor and capitalize two loan funds. Beginning in 1994 RNA Community Builders, a loan fund serving rural NWOs was created, and was complimented in 2000 with the creation of Neighborhood Capital Corporation serving NWOs undertaking multifamily projects. In 2007 the member-led boards of each loan fund agreed to consolidate and better serve the real estate development finance needs of the entire network. With a renewed investment commitment by NeighborWorks America, the two loan funds combined their expertise, assets and customers to provide a broader array of products to the entire network. The organization was re-branded NeighborWorks Capital to reflect this broadened role and a new management team was secured to implement this business plan.

II. Strategic Planning Methodology

The strategic planning process for NeighborWorks Capital began in February 2013 and was completed in August 2013. NeighborWorks Capital retained Consulting for Change to facilitate the strategic planning process. The strategic planning engagement began by interviewing senior management, board members, and other inner circle partners about their assessment of the organization and their goals for the planning process. Adina Abramowitz led an in-person session with the Board on March 11, 2013 to introduce the strategic planning process, review the SWOT analysis, and undertook an exercise to explore the organization's mission.

The planning process then entered a research phase, consisting of a scan of various opportunities and trends in the CDFI Industry. During the research phase senior staff and consultants gained a deeper understanding of:

- Demand within the NeighborWorks network for capital for real estate projects and trends at similar CDFIs
- Sources of supply of capital to CDFIs
- The role of technical assistance at CDFIs similar to NeighborWorks Capital
- Potential for further partnerships with CDFIs
- The role of policy at NeighborWorks Capital

The methodology to answer these questions included interviewing a variety of customers and stakeholders, and learning about the plans of members of both the NeighborWorks network and the CDFI Industry. The main activities during the research stage included:

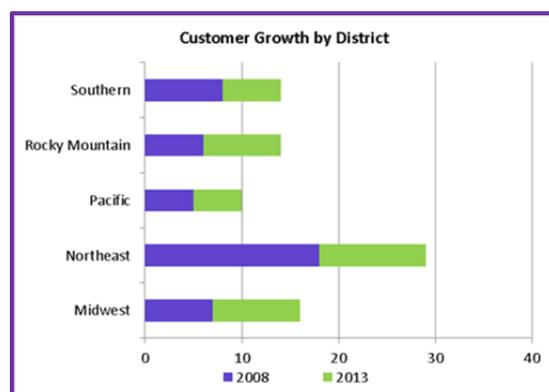
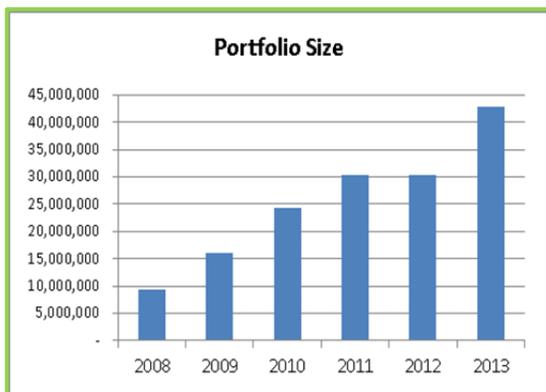
- 17 customer interviews by Board Members (see Appendix A)
- 17 stakeholder interviews (see Appendix B)

- Real estate development pipeline information from NeighborWorks affiliates for 2013-2015
- Staff attended meeting of OFN meeting regarding FHLB membership by CDFIs
- Staff prepared financial projections (See Appendix C)
- Staff and consultants reviewed web sites and other sources regarding other topics

During the time between strategic planning meetings, a small group of Board and staff drafted a revised mission statement and developed a vision statement. NeighborWorks Capital's Board heard the results of the research in June 2013 and discussed its implications for the organization. During this meeting, the Board approved the vision and revised mission statements and decided on five strategic goals, including a number of related objectives. On August 27th the staff met for a full day of operational planning based on the goals. The Strategic Plan was formally adopted at the October 25, 2013 Board meeting.

Introduction

NeighborWorks Capital is a national Community Development Financial Institution (CDFI) serving the affiliates of NeighborWorks America, a national community development intermediary. It is the result of a merger of two NeighborWorks sponsored CDFIs, Neighborhood Capital Corporation and RNA Community Builders. Beginning in 2008 with \$16 million in capital and \$9.3 million in loans outstanding, NeighborWorks Capital has operated under the benefit of detailed business plans with clear goals and an MOU with NeighborWorks America which specified performance benchmarks to receive NeighborWorks funding. Perhaps most significant, NeighborWorks Capital expanded the market it would serve to all NeighborWorks affiliates who undertake real estate projects from a much more narrow definition of the predecessor corporations. Through active marketing, new and innovative products, and ongoing relationship building, NC was able to increase the number of customers served by the two predecessor corporations from 44 to 82 as of September 30, 2013. Since the merger, NC has substantially increased its cumulative loan originations by 405% to \$120 million and impact to more than 11,000 units of affordable rental and for-sale homes and 500,000 square feet of commercial space. In its almost six years of operation, NeighborWorks Capital also increased its capital to \$51 million and its loans outstanding to \$43 million.



NeighborWorks Capital began operation in December 2007, just eight months before the fall of Lehman Brothers, the housing crash, foreclosure crisis and the credit crunch, which led to

the greatest economic downturn since the Great Depression. The effect of the changes in GSEs, the new Dodd Frank bank regulations, significant changes in housing prices, reduction in LIHTC pricing, and decreased funding to HUD and USDA, had both an immediate and a long-term impact on affordable housing development and management. Although the impacts of the economic changes varied by region, almost all NeighborWorks affiliates were negatively affected. Across the country, affordable housing developers were putting a greater emphasis on developing rental and special needs housing and turned away from homeownership. Many focused on foreclosure prevention or other forms of consumer counseling, sold their existing housing units and delayed or stopped developing new projects. At NeighborWorks Capital, the staff spent late 2008 and much of 2009 on portfolio management and working with borrowers to responsibly manage their new circumstances. Over 50% of the loan portfolio was provided extensions to maturity and only 5% of loans were charged off. While new origination and deployment were below plan during this timeframe, NC saw significant origination increases beginning in 2010 with nearly all extended loans being fully repaid. Coupled with strong improvement in lending and deployment, NC experienced improved self-sufficiency and began the growth of debt capital.

In spite of the economic and financial impacts of the 2008-2012 period, NeighborWorks Capital successfully achieved all performance metrics of the initial five-year NeighborWorks MOU and executed a new five-year agreement on September 30, 2012 to continue receiving NeighborWorks capital and operating funding to serve the NeighborWorks network. In 2011 NeighborWorks was initially rated by the CDFI Assessment and Rating System (CARS) and received an AA3 Rating. NC has also undergone two NeighborWorks Program Reviews, the second in July 2013, which noted many accomplishments and identified no areas of concern.

Now firmly grounded in its market, at full operational capacity and financial strength, NeighborWorks Capital elected to engage in a strategic planning process to give the Board and staff the opportunity to learn and incorporate knowledge from the CDFI industry, NeighborWorks America, trends in affordable housing development and finance, community development, and from borrower and its own experience. This Strategic Plan will guide the organization's activities and help it choose among opportunities over the next five years as it strives to serve the NeighborWorks network's credit needs.

I. Vision, Mission and Values

The NeighborWorks Capital Board of Directors approved the following vision, mission, and values on July 19, 2013.

Vision Statement

America is a nation of vibrant and diverse communities where everyone is proud to have a place to call home.

Mission Statement

NeighborWorks Capital delivers the flexible capital needed by NeighborWorks America affiliates to provide affordable homes and strengthen communities.

II. Strategic Goals, 2014 to 2018

1. Triple NeighborWorks Capital cumulative lending volume to \$350 million while maintaining strong loan quality.
2. Double NeighborWorks Capital on-balance sheet capital to \$100 million through leverage and diversification of capital sources, and leverage an additional \$30 million in off-balance sheet capital.
3. Increase NeighborWorks Capital impact on the communities served by NeighborWorks organizations
4. Advocate on behalf of CDFIs and the communities we serve. Further develop thought leadership within NeighborWorks America about the role of capital in improving low-income communities and their residents.
5. Grow and strengthen the organization to implement this plan

Rationale for and Strategies Towards NeighborWorks Capital's Strategic Goals

GOAL 1

Triple our cumulative lending volume to \$350 million while maintaining strong loan quality

Rationale

NeighborWorks Capital has access to NeighborWorks America's affiliate pipeline data. This data shows that cumulatively the NeighborWorks affiliates are planning to do just over 1,000 development projects in 2012; 65% of these are multi-family developments and 44% are homeownership for a total of just over 40,700 new units. These organizations are planning 100 mixed use and 15 commercial (only) projects.

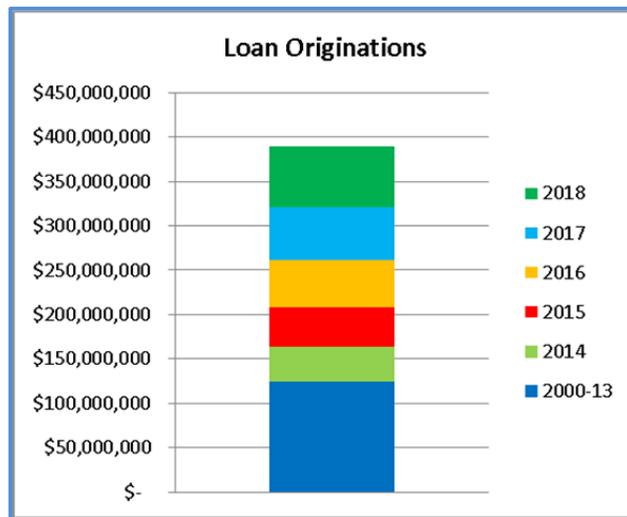
The customer interviews revealed a customer base that is experienced and able to access many sources of capital. NeighborWorks Capital is one of many sources they choose from when putting together the many layers of financing required to make an affordable housing project work. Many, but not all, have pre-development funding on hand, and they supplement their own funds with additional funding from NW capital grants, LISC, lines of credits from local banks, and NeighborWorks Capital. Some have enterprise funding or development lines of credit they use during development; others have no need for enterprise funding. Most have local bank sources for construction financing and some have construction to permanent deals with banks. The financing that is harder for them to access includes large acquisition loans, longer term for acquisition (5+ years) and permanent capital (30 years) especially for recapitalization or rehab of existing multi-family or special needs housing. In some states subsidy is very scarce or projects cannot cover much debt.

When these organizations are seeking funding, some see financing as a commodity and focus on the lowest total cost (fees, interest rate and term) as their number one priority. For others, borrowing is a relationship and they focus on the history with a lender, the ease of working with them, willingness to be flexible, knowledge of the business, and speed of execution. For these, pricing is not always the deciding factor. Others have a strong preference for local

lenders. Most of the customers the Board spoke with feel NC fits well with their priorities. This has been demonstrated, in part, by the large number of new and repeat customers over the past few years. Others don't yet know NC well enough and some already have a go-to lender. Existing customers like NC's flexibility and speed, but pricing is not always competitive. NC is seen as trustworthy, customer friendly, with a helpful staff and clear website that provides detail on products and sample loans.

These organizations said that in order to earn their business, NC should:

- Offer longer term products, especially its mini-perm product
- Build (or continue to build) the relationship – they want more personal contact with staff
- In general, rates are competitive but NC could offer more competitive rates on its energy product
- Fill financing gaps like loan guarantees, take out NMTC and bridge tax credits, condo conversions, acquisition of hotel for SRO and be willing to look at unique situations.



In conversations with CDFI industry leaders a common thread we heard is that they are creatively responding to post-recession, more challenging affordable housing finance environment with a new approach to their customers. They spoke of providing “solutions” for their customer’s challenges, not just products. In this new environment they find that they need to be more flexible and work alongside customers to craft solutions for specific projects. Although they still market products – and these are useful for many customers - in other situations, the product approach is no longer sufficient. CDFI leaders also told us about:

- An increased focus on branding and marketing: whereby in the past they could assume certain business will come to them, real estate based CDFIs are finding they need to be more proactive in their marketing efforts.
- Many CDFIs are also CDEs and have increased impact and fee income through NMTC allocations.
- CDFI's are increasingly playing a critical role in disaster recovery.
- Some developers are focusing on certain populations through supportive housing to serve people with disabilities, including veterans, and seniors.

- Affordable housing and facilities deals keep getting larger. As CDFIs increase their lending limits, requests keep pace. Many CDFIs use participations and loan pools to manage larger requests.
- CDFI borrowers are requesting longer-term permanent financing for housing and facilities. The CDFI Bond and FHLB may be solutions for these needs.
- More CDFIs are focusing on energy efficiency lending for multi-family, commercial real estate, and community facilities, but deals are usually part of larger overall project financing.
- More CDFIs are making housing loans to individuals including first and second mortgages, repair and energy retrofit loans.

Several housing focused CDFIs had excess liquidity in the spring of 2013, partly due to competition from banks offering historically low rates. Several CDFIs that traditionally were primarily housing lenders are now originating more community facilities and Commercial Real Estate loans such as Healthy Foods projects, including The Reinvestment Fund, New Jersey Community Capital and Northern California Community Loan Fund. These CDFIs told us that a key to success in the community facilities and commercial real estate markets are staff that are specialized lenders who do outreach as well as underwriting.

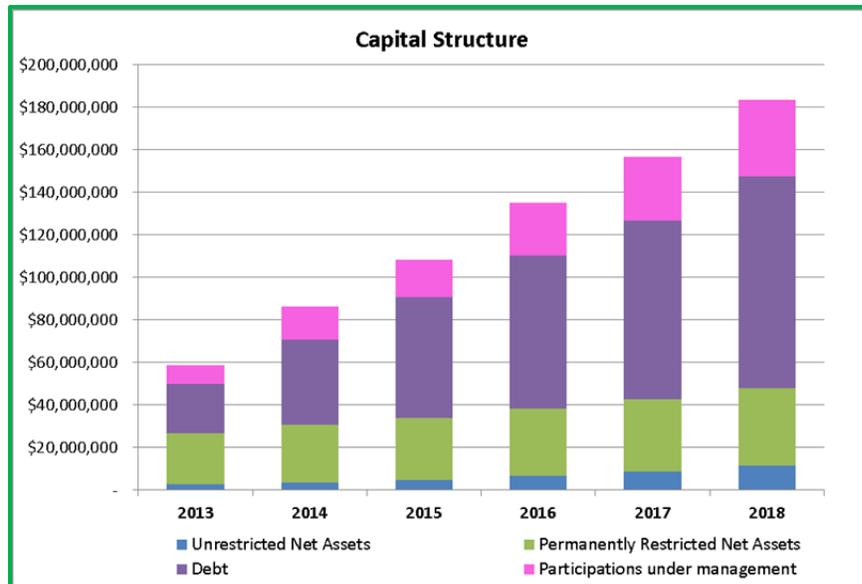
Goal 1 Strategies:	
<ul style="list-style-type: none"> ◆ Be creative and flexible in solving project financing challenges as illustrated by increased numbers of customers and complex projects. ◆ Explore new uses of its capital for existing and emerging demand ◆ Continue and grow lending to rural and other undercapitalized communities ◆ Increase commercial real estate lending to 5% of portfolio 	

GOAL 2

Double our on-balance sheet capital to \$100 million through leverage and diversification of capital sources, and leverage an additional \$30 million in off-balance sheet capital.

Rationale

The rate determining factor of CDFI growth is a strong equity base (Net Assets). Demand has kept up with CDFI growth for the past twenty years, as the CDFI Industry grew 10-20% per year. The CDFI Fund is the biggest source of equity in the CDFI industry; and their budget has increased considerably under the Obama administration. In the most recent round of Financial and Technical Assistance funding, \$172 million was awarded to CDFIs - including NeighborWorks Capital. Additionally, NeighborWorks Capital is fortunate to have another source of valuable equity funding, NeighborWorks America, its largest source of equity totaling \$21 million. CDFIs also generate equity through retained earnings. This is the most flexible source of equity since it has no covenants or performance requirements. As of September 2013, NC had 52% equity (\$24.6 MM), and \$46M total assets, plus an additional \$2.25MM in lines of credit and \$2.35MM in investment commitments. If the organization increased the leverage of its equity to a ratio of 70% debt to 30% equity, it could grow to \$82 million in assets without raising an additional dollar of equity.



In addition to banks, foundations, and other traditional sources of debt capital, there are two new substantial sources of capital available to CDFIs, the Federal Home Loan Bank and the CDFI Bond. Each of these sources has the potential to offer longer-term below-market financing. During the strategic planning process, NeighborWorks Capital considered pursuing each of them and decided not to pursue the CDFI Bond in the first round, mostly due to the extremely short time frame combined with the highly complex nature of the transaction. The organization will consider the Bond during this plan period and continue to learn about the structure and how it could utilize this source of capital.

NeighborWorks Capital would be required to join the Federal Home Loan Bank of Atlanta, based on being headquartered in Maryland. To date the FHLB of Atlanta's requires that an unregulated CDFI provide an unacceptable level of cash collateral to borrow its funds. A number of CDFIs are considering joining this FHLB in order to advocate for better terms as a Member rather than as an outsider. NC will pursue this route and participate in advocacy efforts to make the FHLB system friendlier to non-regulated CDFIs.

Another source of capital for CDFIs are various off balance sheet arrangements that allow CDFIs to make larger loans. As affordable housing deals become ever larger, this is a critical tool to manage risk while meeting customer needs. These include participations, loan pools, and agreements with other investors to make loans based on pre-set criteria.

Goal 2 Strategies:

- ◆ Maintain and grow investment from CDFI investors and CDFI co-lenders
- ◆ Increase leverage of its strong equity position by 300%
- ◆ Become a member of the Federal Home Loan Bank system
- ◆ Pursue partnerships with other community development and socially motivated investors to underwrite and/or service on their behalf. Successfully engage in at least one partnership for off-balance sheet lending.

- Explore new sources of capital including but not limited to the CDFI Bond, New Markets Tax Credits, loan guarantees, and other non-traditional sources.
- Leverage NeighborWorks America and the NW network for new supplies and/or structures of capital.

GOAL 3

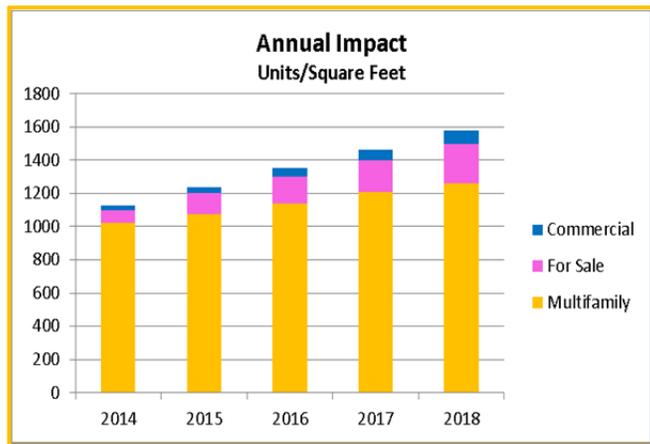
Increase our impact on the communities served by NeighborWorks organizations

Rationale:

NeighborWorks Capital’s mission is to “*deliver the flexible capital needed by NeighborWorks America affiliates to provide affordable homes and strengthen communities*”. Since 2008, NC loans have facilitated the production or preservation of 5,500 units of affordable housing and 300,000 square feet of commercial property, and had a cumulative lending impact totaling 77 communities nationwide. NC has evaluated general real estate development and finance trends and has also reviewed the potential project pipeline estimates of the NeighborWorks affiliates. In the next five years its financing activity will result in 6,500 additional affordable for-sale and rental housing units, 250,000 square feet of commercial property and reach a total of 100 underserved communities. This is an 18% increase over the number of units financed by NC in the previous five years and expands its community impact by 30%.

Goal 3 Strategies:

- Finance 6,500 units of affordable housing
- Finance 250,000 square feet of commercial property
- Serve a total of 100 communities to reach community development impact goals



GOAL 4

Advocate on behalf of CDFIs and the communities we serve. Further develop thought leadership within NeighborWorks America about the role of capital in improving low-income communities and their residents.

Rationale

CDFIs play a critical role in advocating for policies that are effective and help support the communities we serve. Much of this advocacy is focused on providing greater access to funding and capital for CDFIs and affordable housing developers. NeighborWorks Capital participates in various national coalitions including Opportunity Finance Network, CDFI Coalition, National Housing Conference, I'M HOME (CFED) and Strength Matters along with other coalitions to advocate for funding for the CDFI Fund, HUD, USDA, and others. During fiscally conservative times like these wherein funding is constantly under attack, it can be a victory to maintain funding levels or to reduce the level of cuts. There are regulatory issues such as GSE reform that are also important to our industry and its customers.

NeighborWorks Capital is in a unique position within the NeighborWorks America network to provide expertise to help attract new capital structured in a beneficial manner for the network.

In the recent past, NeighborWorks has affiliated several large regional CDFIs into its network, including but not limited to FAHE, New Jersey Community Capital, Housing Development Fund and Hope Enterprise Corporation, and other CDFIs in the network have grown such as Homewise, NeighborWorks Salt Lake and PathStone. Community Housing Capital also serves the NeighborWorks network with capital. In the next five years, NeighborWorks Capital will strategize about how to develop partnerships among the NeighborWorks affiliated CDFIs to further leverage new capital and meet the growing needs of the network.

Strategies:

Goal 4 Strategies:

-  Participate in national coalitions to promote increased resources for CDFIs, affordable housing and community development
-  Provide organization-level and real estate finance expertise to NeighborWorks America to attract additional capital to the network
-  Lead collaboration(s) to fill financing gaps both among the NWA CDFIs and other national CDFIs
-  Advocate with the Federal Home Loan Bank to make their capital and programs more useful to CDFIs and their customers



GOAL 5

Grow and strengthen the organization to implement this plan

Rationale:

NeighborWorks Capital has a strong balance sheet, a skilled staff, and a strategic Board of Directors, which will serve the organization well as it implements this plan. The strong and supportive relationship with NeighborWorks America helps the organization keep operating costs low and self-sufficiency high, due to NC's deep level of familiarity with the network and individual affiliates. During the five years of this plan, NeighborWorks Capital will continue to build on its strong financial performance and increase the leverage of its balance sheet. As the level of activities increase, new junior level staff members will be recruited as needed to work under the existing Directors of Lending and Finance and Administration to support increased loan originations, portfolio management and financial reporting. At the same time the organization will make the best use of existing and new technology to improve the efficiency and accuracy of all aspects of the operation. The Board will continue to recruit appropriate NWO leaders and outside Board Members, and undergo self-evaluations to improve their performance. The organization believes that these changes will help achieve an AA2 CARS rating.

Goal 5 Strategies:

- ♥ Maintain 100% self-sufficiency and generate a minimum operating net income of 5% in each year of the plan to reinvest in operational growth, loan capital, product development and reserves
- ♥ Receive an AA 2 CARS rating
- ♥ Revise loan loss reserve and operating reserve policies to leverage capital and increase liquidity
- ♥ Increase use of technology to improve lending efficiency, financial reporting and analysis, risk management and impact measurement
- ♥ Develop and implement the appropriate staff model to manage growth.
- ♥ Continue strong governance by the Board of Directors, implement a bi-annual self-evaluation, enhance Board expertise in new areas, and continue to implement governance best practices

Appendix A: Customers Interviewed

1. Aeon: Gina Ciganik
2. Affordable Homes of South Texas: Bobby Calvillo
3. Arbor Development: Jeff Eaton
4. Champlain Housing Trust: Michael Monte
5. Chelsea Neighborhood Developers: Ann Houston
6. CRHDC: Al Gold
7. Community Frameworks: Max Benson
8. DHIC: Gregg Warren
9. Mutual Housing of California: Rachel Iskow
10. Neighborhood Development Services: Dave Vaughn
11. NW Blackstone River Valley: Joe Garlick
12. NW New Horizons: Seila Mosquera
13. NW Waco: Roy Nash
14. Orlando Neighborhood Improvement: Bob Ansley
15. Rural Ulster Development Co: Kevin O'Connor
16. NW Umpqua: Betty Tam
17. Unity Council: Chris Iglesias & Jeff Pace

These customers represent:

- Urban / Rural: 35% Rural, 47% Urban, 24% Both
- Relationship: 30% current customers, 29% previous customers, 41% non-customers
- Portfolio size: 35% Large (over 1,000), No Medium (500-999), 65% Small (under 500)
- Pipeline includes: Multiple multi-family, Preservation / rehab, LIHTC, Senior housing, restructuring existing properties, very little non-housing

Appendix B: Stakeholders Interviewed

➤ CDFI Capital Investors and Experts

1. Deborah Schwartz, MacArthur Foundation
2. John Nelson, Wall Street Without Walls
3. Dan Letendre, Bank of America
4. Dan Nissenbaum, Goldman Sachs Bank
5. Steve Fitzpatrick, Ally Bank
6. Thomas Fitzgibbon, BSI

➤ CDFI Leaders

1. Jack Gilbert, Community Housing Capital
2. Joe Neri, IFF
3. Julie Gould, Mercy Loan Fund
4. Stan Keasling, RCAC
5. Don Hinkle Brown, The Reinvestment Fund
6. Cathy Dolan, OFN
7. Lori Chatman, Enterprise Community Partners
8. Michael Carroll, RCAC

➤ NeighborWorks America:

1. Eileen Fitzgerald, CEO
2. Chuck Wehrwein, COO
3. Tom Deyo, Deputy Director, National Initiatives

➤ NeighborWorks Network

1. Karen Flock, Cabrillo EDC
2. Jeff Reed, Community Housing Partners

Appendix C: Financial, Lending and Capital Projections

Statement of Financial Position					
	2014	2015	2016	2017	2018
Assets					
Cash and Investments	9,021,974	6,837,448	11,605,192	16,592,570	17,934,676
Loans Outstanding	58,832,415	81,784,293	98,467,063	114,409,245	132,343,127
Loan Loss Reserve	(2,353,297)	(3,271,372)	(3,938,683)	(4,576,370)	(5,293,725)
Other Assets	300,000	300,000	300,000	300,000	300,000
Total Assets	65,801,093	85,650,369	106,433,573	126,725,445	145,284,078
Liabilities and Net Assets					
Loans Payable	34,250,000	51,000,000	67,750,000	83,750,000	97,750,000
Equity Equivalent (EQ2)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Liabilities	300,000	300,000	300,000	300,000	300,000
Total Liabilities	35,550,000	52,300,000	69,050,000	85,050,000	99,050,000
Operating Net Assets	3,442,773	4,460,125	6,160,640	8,090,199	10,366,187
Loan Fund Net Assets	26,808,319	28,890,244	31,222,933	33,585,246	35,867,891
Total Net Assets	30,251,093	33,350,369	37,383,573	41,675,445	46,234,078
Total Liabilities and Net Assets	65,801,093	85,650,369	106,433,573	126,725,445	145,284,078
Statement of Activities					
	2014	2015	2016	2017	2018
Operating Revenue					
Grants and Contributions	150,000	150,000	150,000	150,000	150,000
Investment Interest Income	15,750	17,492	6,597	27,830	48,888
Loan Interest Income	2,757,682	4,027,967	5,041,284	5,863,376	6,821,384
Loan Fees	349,150	363,796	432,950	478,552	542,908
Other Earned Income	24,183	43,750	61,250	75,000	90,000
Total Operating Revenue	3,296,765	4,603,005	5,692,081	6,594,758	7,653,179
Expense					
General and Administrative	484,878	566,469	583,617	601,384	619,797
Personnel Expense	1,002,187	1,405,022	1,468,960	1,553,106	1,609,185
Interest Expense	972,500	1,502,266	1,824,922	2,370,938	3,008,438
Consultants	52,000	50,000	100,000	125,000	125,000
Other Expense	12,760	13,398	14,068	14,771	15,510
Total Expense	2,524,325	3,537,154	3,991,566	4,665,199	5,377,929
Net Operating Income/(Loss)	772,439	1,065,851	1,700,515	1,929,559	2,275,250

LOAN VOLUME					
<u>Products</u>	2014	2015	2016	2017	2018
Predevelopment	2,415,000	2,511,600	2,612,064	2,716,547	2,825,208
Interim	32,400,000	37,908,000	46,247,760	52,259,969	60,098,964
Mini-Perm	3,600,000	3,960,000	4,435,200	4,878,720	5,366,592
Total	38,415,000	44,379,600	53,295,024	59,855,235	68,290,765
<i>Growth</i>	25.95%	15.53%	20.09%	12.31%	14.09%
<i>Portion in Participation</i>	6,500,000	8,000,000	10,000,000	12,000,000	14,000,000
CAPITALIZATION					
<u>Sources of Capital</u>	2014	2015	2016	2017	2018
EQUITY					
NeighborWorks America	\$24,187,117	\$26,187,117	\$28,187,117	\$30,187,117	\$32,187,117
CDFI Fund	4,422,500	5,422,500	6,422,500	7,422,500	8,422,500
Net Assets	1,000,000	1,250,000	1,500,000	1,750,000	2,000,000
Total Equity	29,609,617	32,859,617	36,109,617	39,359,617	42,609,617
DEBT					
Foundations	2,500,000	5,000,000	6,000,000	9,000,000	8,000,000
Banks - Lines of Credit	36,750,000	48,000,000	54,500,000	59,500,000	66,500,000
FHLB Advances - 5 year	2,500,000	5,000,000	7,500,000	7,500,000	7,500,000
Total Debt	41,750,000	58,000,000	68,000,000	76,000,000	82,000,000
Total Capital	\$71,359,617	\$90,859,617	\$104,109,617	\$115,359,617	\$124,609,617
<i>Growth</i>	38%	27%	15%	11%	8%

Board of Directors and Committee Members

	Jeanne Pinado, Board President, Director President and Executive Director, Madison Park Development <i>Roxbury (Boston), MA</i>
	Rick Goodemann, Board Vice President, Director, Loan Committee Executive Director, Southwest Minnesota Housing Partnership <i>Slayton, MN</i>
	Kristin Faust, Board Treasurer, Director, Finance Committee Chair, Loan Committee Director of Lending, Partners For The Common Good <i>Washington, DC</i>
	Rosa Rios Valdez, Board Secretary, Director, Loan Committee Business and Community Lending of Texas <i>Austin, TX</i>
	Peter Daly, Director, Loan Committee Chair Executive Director, Cambridge Neighborhood Apartment & Housing Services <i>Cambridge, MA</i>
	Chris Kui, Director Executive Director, Asian Americans For Equality <i>New York, NY</i>
	Jim Moorefield, Director Executive Director, Willamette Neighborhood Housing Services <i>Corvallis, OR</i>
	Jeff Reed, Director, Finance Committee Chief Financial Officer, Community Housing Partners <i>Christiansburg, VA</i>
	Megan Teare, Director, Finance Committee Senior Vice President, Community Lending and Investing, Wells Fargo Bank <i>Minneapolis, MN</i>
	Karen Flock, Loan Committee Real Estate Development Director, Cabrillo Economic Development Corp. <i>Ventura, CA</i>
	Tommy FitzGibbon, Loan Committee Principal, BSI <i>Chicago, IL</i>

Staff

	Jim Ferris, Executive Director
	John Maneval, Director of Lending
	Craig Hartman, Director of Finance & Administration
	Ingrid Avots, Senior Loan Officer
	Carrie Fischer, Loan Administrator
	Loree Lamour, Office Administrator